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IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

Proceeding	92041776
Party	Plaintiff CATERPILLAR INC. CATERPILLAR INC. 100 N. E. ADAMS ST. PEORIA, IL 616296490
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**IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD**

In the Matter of Registration No. 2,684,138: PAVERCAT
Registered on the Principal Register on February 4, 2003, in International Class 7

CATERPILLAR INC.,)	
)	
Petitioner,)	
v.)	Cancellation No. 92041776
)	
PAVE TECH, INC.,)	
)	
Registrant.)	

REPLY BRIEF FOR PETITIONER

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TABLE OF CONTENTS

	<u>Page</u>
TABLE OF AUTHORITIES	ii
ARGUMENT	1
I. Standard Of Proof.	1
II. Confusion Is Likely.....	2
A. Pave Tech Does Not Present Any Evidence That Caterpillar's CAT Marks Are Not Famous.....	3
B. Pave Tech Presents No Evidence That PAVERCAT Is Not Confusingly Similar To CAT.....	4
C. The Goods Are Material Handling Machines Which Perform The Same Functions.....	5
D. Pave Tech Presents No Evidence Regarding The Sophistication Of Purchasers.	6
E. Because of Pave Tech's Limited Use Of The PAVERCAT Mark, Evidence Of Actual Confusion Is Difficult, If Not Impossible To Find.....	7
F. Pave Tech Adopted PAVERCAT In Bad Faith.	8
G. Based Upon Pave Tech's Own Admissions, The PAVERCAT Material Handler Is Inferior.	9
CONCLUSION.....	10

TABLE OF AUTHORITIES

CASES

<u>AmBrit, Inc. v. Kraft, Inc.,</u> 1 U.S.P.Q. 2d 1161 (11th Cir. 1986)	9
<u>Caterpillar Tractor Company v. Electric Carrier Corporation,</u> 201 U.S.P.Q. 778 (T.T.A.B. 1978)	5, 7, 10
<u>Caterpillar Tractor Company v. Gehl Company,</u> 177 U.S.P.Q. 343 (T.T.A.B. 1973)	3, 4, 7, 10
<u>Caterpillar Tractor Company v. Katrak Vehicle Company,</u> 172 U.S.P.Q. 409 (T.T.A.B. 1971)	5, 7, 10
<u>Dan Robbins & Ass., Inc. v. Questor Corp.,</u> 202 U.S.P.Q. 100 (C.C.P.A. 1979)	2
<u>In re E.I. du Pont de Nemours & Co.,</u> 177 U.S.P.Q. 563 (C.C.P.A. 1973)	2
<u>Eden Foods, Inc. v. Thomas Brenkwitz,</u> 2005 WL 1526131 (T.T.A.B. 2005)	8
<u>Giant Food, Inc. v. Nation's Foodservice, Inc.,</u> 218 U.S.P.Q. 390 (Fed. Cir. 1983)	3
<u>Gillette Canada Inc. v. Ranir Corp.,</u> 23 U.S.P.Q. 2d 1768 (T.T.A.B. 1992)	7, 8
<u>In re Hal Leonard Publishing Corp.,</u> 15 U.S.P.Q. 2d 1574 (T.T.A.B. 1990)	6
<u>Henry Siegel Co. v. M.R. International Mfg. Co.,</u> 4 U.S.P.Q. 2d 1154 (T.T.A.B. 1987)	4, 7
<u>Kenner Parker Toys Inc. v. Rose Art Industries Inc.,</u> 22 U.S.P.Q. 2d 1453 (Fed. Cir. 1992)	3, 9
<u>Martahus v. Video Duplication Services, Inc.,</u> 27 U.S.P.Q. 2d 1846 (Fed. Cir. 1993)	1
<u>Massey Junior College, Inc. v. Fashion Institute of Technology,</u> 181 U.S.P.Q. 272 (C.C.P.A. 1974)	1

<u>McDonald's Corp. v. McClain,</u> 37 U.S.P.Q. 2d 1274 (T.T.A.B. 1995)	2
<u>McDonald's Corporation v. Dorothy Jill McKinley,</u> 13 U.S.P.Q. 2d 1895 (T.T.A.B. 1989)	5
<u>Mobil Oil Corp. v. Pegasus Petroleum Corp.,</u> 2 U.S.P.Q. 2d 1677 (2d Cir. 1987)	9
<u>Pennwalt Corporation v. Center Laboratories, Inc.,</u> 187 U.S.P.Q. 599 (C.C.P.A. 1975)	6
<u>In re Rexel, Inc.,</u> 223 U.S.P.Q. 830 (T.T.A.B. 1984)	4
<u>Societe De Developments et D' Innovations Des Marches Agricoles et Alimentaires- Dosima-Union De Cooperatives Agricoles v. International Yogurt Co., Inc.,</u> 3 U.S.P.Q. 2d 1641 (D. Oregon 1987)	1, 2
<u>Trek Bicycle Corp. v. Fier,</u> 56 U.S.P.Q. 2d 1527 (T.T.A.B. 2000)	4
<u>Veuve Clicquot Ponsardin v. Palm Bay Imports, Inc.,</u> 2003 WL 21953664 (T.T.A.B. 2003)	8
<u>In re Wilson,</u> 57 U.S.P.Q. 2d 1863 (T.T.A.B. 2001)	7

STATUTES

15 U.S.C. § 1057(b)	1
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MISCELLANEOUS

J. Thomas McCarthy, McCarthy on Trademarks and Unfair Competition § 20:2 and § 23:50 (4th ed. 2005)	2, 4
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Pave Tech submits no legal arguments or factual evidence in its response which overcomes Caterpillar's proof on the issue of likelihood of confusion and fails to distinguish direct precedent in previous decisions regarding the CAT marks. Because Pave Tech failed to submit any evidence in this proceeding, it can neither support its claims nor challenge Caterpillar's arguments that Pave Tech's use of the PAVERCAT mark is confusingly similar to Caterpillar's CAT marks. Therefore, Caterpillar's petition to cancel Pave Tech's PAVERCAT mark should be granted.

ARGUMENT

I. Standard Of Proof.

Caterpillar and Pave Tech agree that Caterpillar's burden of proof regarding likelihood of confusion between PAVERCAT and Caterpillar's CAT marks is a preponderance of the evidence. *See, Martahus v. Video Duplication Services, Inc.*, 27 U.S.P.Q.2d 1846, 1850 (Fed. Cir. 1993) cited by Pave Tech. Response, p. 3. To the extent that Pave Tech suggests that the statutory presumption granted to a trademark owner under 15 U.S.C. § 1057(b) enhances the evidentiary burden (Response, p. 3-4), this argument was rejected in *Massey Junior College, Inc. v. Fashion Institute of Technology*, 181 U.S.P.Q. 272, 275 (C.C.P.A. 1974); *see also, Societe De Developments et D' Innovations Des Marches Agricoles et Alimentaires-Dosima-Union De Cooperatives Agricoles v. International Yogurt Co., Inc.*, 3 U.S.P.Q.2d 1641, 1643 (D. Oregon 1987).

Pave Tech also implies that the burden of proof is higher because "[c]ancellation of Pave Tech's registration, upon which valuable business good will has been built, 'should be granted only with due caution and after a most careful study of all the facts.'"

Response, p. 3-4. Courts, however, have ruled that a trademark owner's investment in a mark does not alter the burden of proof in a cancellation proceeding. *Societe De Developments et D' Innovations Des Marches Agricoles et Alimentaires-Dosima-Union De Cooperatives Agricoles v. International Yogurt Co., Inc.*, 3 U.S.P.Q.2d 1641, 1643 (D. Oregon 1987); *Dan Robbins & Ass., Inc. v. Questor Corp.*, 202 U.S.P.Q. 100, 105 (C.C.P.A. 1979).

Moreover, Pave Tech has submitted absolutely no evidence that PAVERCAT is a mark in "which valuable good-will has been built." Response, p. 3. In fact, the only evidence before the Board shows that Pave Tech has made very little investment in PAVERCAT and has conducted minimal advertising. Jones, p. 34-35, 99, 119-20, 142, 160-70; Jones Ex. 22.

II. Confusion Is Likely.

The relevant factors set forth in *In re E.I. du Pont de Nemours & Co.*, 177 U.S.P.Q. 563 (C.C.P.A. 1973), unequivocally weigh in favor of a finding of likelihood of confusion. Pave Tech argues that the Examining Attorney's passing of the PAVERCAT application onto publication should weigh against Caterpillar in the likelihood of confusion analysis. Response, p. 4. The Examining Attorney's opinion, however, has no precedential value in a cancellation proceeding. "The Trademark Board reviews with a clean slate and is not bound or restricted in any sense by the action of the Examining Attorney." J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* § 20:2 (4th ed. 2005); *see also, McDonald's Corp. v. McClain*, 37 U.S.P.Q.2d 1274, 1277 (T.T.A.B. 1995).

A. Pave Tech Does Not Present Any Evidence That Caterpillar's CAT Marks Are Not Famous.

Caterpillar's CAT marks are among the strongest and most famous marks in the world. Pave Tech fails to present any evidence to counter Caterpillar's evidence of strength, and it does not even attempt to distinguish long standing precedent recognizing the strength of the CATERPILLAR and CAT marks. *See, Caterpillar Tractor Company v. Gehl Company*, 177 U.S.P.Q. 343 (T.T.A.B. 1973). Instead, Pave Tech merely argues that some of the evidence presented by Caterpillar, such as Caterpillar's extensive use of the CAT marks in highly publicized advertising such as its NASCAR advertising campaign, is "irrelevant." Response, p. 4 and 5. Pave Tech presents no basis for this argument. In fact, the case law states that this is the type of evidence which must be examined to determine the strength of the mark. As stated in *Giant Food, Inc. v. Nation's Foodservice, Inc.*, 218 U.S.P.Q. 390, 394 (Fed. Cir. 1983), the Board measures the fame of a mark by volume of sales, advertising, and length of use. *Id.* at 394. In *Giant Food*, the Board examined the same kind of evidence Caterpillar has submitted here and which Pave Tech has deemed "irrelevant," namely plaintiff's use of the mark on national television, in advertisements, and on a variety of products.

Because the uncontested evidence submitted by Caterpillar unequivocally proves the strength of the CAT marks, the strength of the mark factor, which always plays a dominant role in the likelihood of confusion analysis, weighs heavily in favor of cancelling the PAVERCAT registration. *See, Kenner Parker Toys Inc. v. Rose Art Industries Inc.*, 22 U.S.P.Q.2d 1453, 1456 (Fed. Cir. 1992).

B. Pave Tech Presents No Evidence That
PAVERCAT Is Not Confusingly Similar To CAT.

Pave Tech argues that the “only similarity between the marks is the word ‘cat.’” Response, p. 4. However, this “similarity” constitutes the wholesale adoption of Caterpillar’s world famous CAT mark into Pave Tech’s mark along with the admittedly descriptive word “paver.” The Board has consistently found that the combination of a strong dominant mark with a descriptive term will cause consumer confusion. *In re Rexel, Inc.*, 223 U.S.P.Q. 830 (T.T.A.B. 1984); (finding the mark LITTLE GOLIATH confusingly similar to the senior mark GOLIATH); *Henry Siegel Co. v. M.R. International Mfg. Co.*, 4 U.S.P.Q.2d 1154 (T.T.A.B. 1987) (finding the mark L.A. CHIC was confusingly similar with the mark CHIC); *Trek Bicycle Corp. v. Fier*, 56 U.S.P.Q.2d 1527 (T.T.A.B. 2000) (finding that the mark TREKNOLOGY is confusingly similar to the famous mark TREK). Professor McCarthy in his Trademark Treatise states that “[t]he Trademark Board has said that the general rule is that a subsequent use may not avoid likely confusion by appropriating another’s entire mark and adding descriptive or non-distinctive matter to it.” McCarthy, § 23:50.

Pave Tech also argues that PAVERCAT and CAT are not sufficiently similar because “PAVER” appears at the beginning of the mark. Response, p. 4. There is no legal support for this argument. In fact, there is direct precedent involving Caterpillar’s CAT mark rejecting this proposition, and Pave Tech has failed to make any comment on it even though this precedent was cited in Caterpillar’s opening brief.

In *Caterpillar Tractor Company v. Gehl Company*, 177 U.S.P.Q. 343 (T.T.A.B. 1973), Caterpillar successfully petitioned to cancel the registration for HYDRACAT for front end loaders where the term HYDRA was a descriptive term for a hydraulic loader

and where the term was placed at the “beginning” of the mark. Similarly in *Caterpillar Tractor Company v. Electric Carrier Corporation*, 201 U.S.P.Q. 778 (T.T.A.B. 1978), Caterpillar prevailed in opposing the application of ELECTRICAT for electric powered burden and towing vehicles based upon CAT for industrial vehicles and machines for carrying heavy loads for towing. *See also, Caterpillar Tractor Company v. Katrak Vehicle Company*, 172 U.S.P.Q. 409 (T.T.A.B. 1971) (KATRAK was found to be a phonetic equivalent of a combination of CAT and TRAC, a descriptive abbreviation of “TRACTOR”).

C. The Goods Are Material Handling Machines
Which Perform The Same Functions.

Pave Tech indicates that Caterpillar's products and the PAVERCAT material handler are dissimilar because the description of goods in Caterpillar's and Pave Tech's registrations are not identical. Response, p. 4. This is not the correct standard. The goods or the description of goods do not have to be identical. There only has to be “a relationship between them such that persons encountering them under their respective marks are likely to assume that they originate at the same source or that there is some association between the sources.” *McDonald's Corporation v. Dorothy Jill McKinley*, 13 U.S.P.Q.2d 1895, 1898 (T.T.A.B. 1989).

Pave Tech argues that Caterpillar's compact equipment, such as a skid steer loader, and the PAVERCAT material handler are not similar because the PAVERCAT material handler cannot perform all of the same functions as a more versatile CAT skid steer loader. Response, p. 4. However, a CAT skid steer loader and a PAVERCAT material handler do perform some of the same functions such as moving segmental

pavers and sand as clearly demonstrated in the photos shown at pp. 7, 22, 43 and 44 of Petitioner's Brief. When related goods perform the same function, the Board has ruled that this factor weighs in favor of confusion. *Pennwalt Corporation v. Center Laboratories, Inc.*, 187 U.S.P.Q. 599, 601 (C.C.P.A. 1975) (finding ALLEREST and ALLERSET confusingly similar even though they treated allergies differently because both products were allergy medicines); *In re Hal Leonard Publishing Corp.*, 15 U.S.P.Q.2d 1574 (T.T.A.B. 1990) (holding that music instruction books for self-learning and manuals such as teacher's guides and student handbooks for music appreciation are sufficiently related that consumers are likely to assume a common source because they are bought by the same consumers possibly for the same purpose).

D. Pave Tech Presents No Evidence
Regarding The Sophistication Of Purchasers.

Pave Tech argues that consumers of Pave Tech's PAVERCAT material handler and Caterpillar's compact equipment are sophisticated "given the high cost of these items." Response, p. 5. Pave Tech, however, submits no evidence to support this argument. Instead, the evidence before the Board demonstrates that Caterpillar's compact equipment (such as skid steer loaders) is often rented by smaller construction contractors or even homeowners doing a "weekend" construction project who do not have a full time need for such a piece of equipment. Tisdale, p. 24-25, 35-36, 69. Therefore, even though these items may have a high purchase cost, they are often rented by unsophisticated customers with limited construction expertise for a fraction of the purchase cost.

Even if the relevant purchasers were considered sophisticated purchasers, this factor does not shift the likelihood of confusion analysis into Pave Tech's favor. The Board has held "sophistication and care of purchasers . . . does not render these purchasers immune to source confusion arising from use of . . . highly similar . . . marks on . . . related goods." *In re Wilson*, 57 U.S.P.Q.2d 1863, 1866 (T.T.A.B. 2001).

As demonstrated by the favorable decisions received by Caterpillar in the *Gehl*, *Electric Carrier*, and *Katrak* cases where the goods involved were similar and in some cases even more expensive, the cost of the goods is not an impediment to relief when weighed in conjunction with other, more important, factors of likelihood of confusion.

E. Because of Pave Tech's Limited Use Of The PAVERCAT Mark, Evidence Of Actual Confusion Is Difficult, If Not Impossible To Find.

Pave Tech argues that the lack of actual confusion evidence "despite years of concurrent use" weighs in its favor. Response, p. 5. The Board, however, has repeatedly ruled that evidence of actual confusion is not necessary to prove that there is a likelihood of confusion between two marks. *Gillette Canada Inc. v. Ranir Corp.*, 23 U.S.P.Q.2d 1768, 1774 (T.T.A.B. 1992). In fact, the Board noted that "evidence of actual confusion is notoriously difficult to come by, that the fact that there is no evidence of actual confusion does not mean that such confusion has not occurred, and that the test under Section 2(d) of the statute is likelihood of confusion, not actual confusion." *Henry Siegel Co. v. M&R International Mfg. Co.*, 4 U.S.P.Q.2d 1154, 1161 (T.T.A.B. 1987); *see also*, *Caterpillar Tractor Company v. Katrak Vehicle Company*, 172 U.S.P.Q. 409 (T.T.A.B. 1971).

In this case, the evidence of actual confusion is particularly hard to find given Pave Tech's limited advertising and promotion of the PAVERCAT mark. While Pave Tech claims that there are "years of concurrent use" of the PAVERCAT and CAT marks, Pave Tech fails to submit any evidence supporting this allegation and the only evidence presented to the Board demonstrates that Pave Tech conducted limited advertising of PAVERCAT. Response, p. 5; Jones p. 34-35, 99, 119-20, 142, 160-170. Under such circumstances, the lack of actual confusion evidence is not a significant factor in the likelihood of confusion analysis. *Gillette Canada Inc. v. Ranir Corp.*, 23 U.S.P.Q.2d 1768, 1774 (T.T.A.B. 1992); *Eden Foods, Inc. v. Thomas Brenkwitz*, 2005 WL 1526131, *10 (T.T.A.B. 2005) (lack of actual confusion not a significant factor when applicant had never widely advertised or actively marketed its products and presently engages in no significant promotion of its products); *Veuve Clicquot Ponsardin v. Palm Bay Imports, Inc.*, 2003 WL 21953664, *13 (T.T.A.B. 2003).

F. Pave Tech Adopted PAVERCAT In Bad Faith.

Pave Tech's argument that it did not adopt the PAVERCAT mark in bad faith because it had an "honest belief" that the mark was not confusingly similar to Caterpillar's CAT marks is mere argument and not supported by any evidence. Instead, the only evidence in the record indicates that Pave Tech adopted the PAVERCAT mark to capitalize on the known strength and fame of the CAT mark.

Pave Tech argues without any evidentiary support that even though its President, Stephen Jones, was aware of Caterpillar's use of the mark CATERPILLAR, he was not aware of its use of the mark CAT. Response, p. 5. Not only is this argument unbelievable, it contradicts Mr. Jones' own testimony. Mr. Jones admits that he was

familiar not only with the “Caterpillar Tractor Company,” but also that he was familiar with Caterpillar’s use of the CAT trademark *prior* to adopting PAVERCAT. Jones, p. 42-44. This knowledge alone is an indicator of bad faith. *Kenner Parker Toys, Inc.*, 22 U.S.P.Q.2d 1453, 1458 (Fed. Cir. 1992); *Mobil Oil Corp. v. Pegasus Petroleum Corp.*, 2 U.S.P.Q.2d 1677, 1681 (2d Cir. 1987) (“actual or constructive knowledge may signal bad faith”); *AmBrit, Inc. v. Kraft, Inc.*, 1 U.S.P.Q.2d 1161, 1170 (11th Cir. 1986).

G. Based Upon Pave Tech's Own Admissions,
 The PAVERCAT Material Handler Is Inferior.

Pave Tech argues that Caterpillar made "unfounded" and "unfair" claims about the quality of the PAVERCAT product. Response, p. 5. This argument is knowingly misleading because all of the evidence supporting the fact that the PAVERCAT material handlers are inferior products are admissions from Pave Tech’s President, Stephen Jones. Mr. Jones admitted that the PAVERCAT products do not have the proper operating and maintenance instructions, technical parts diagrams, safety materials or manufacturer warranties. Jones, p. 119, 169-70. Mr. Jones further admitted that the PAVERCAT machine cannot perform some functions – such as scooping gravel - "efficiently." He stated,

it . . . cannot lift, it cannot drop, it cannot flip over. The fact that there are no sides to the bucket and there is not a real scoop there limits the amount of material it can carry, and also it makes a mess carrying it from one spot to the next.

Jones, p. 142. Because the PAVERCAT machine is admittedly inferior, it would greatly harm Caterpillar to have its CAT marks associated with it in any way.

CONCLUSION

In the many years since the decisions in *Gehl*, *Electric Carrier*, and *Katrak* where Caterpillar prevailed over the marks HYDRACAT, ELECTRICAT, and KATRAK respectively, the fame of the CAT marks in connection with compact equipment such as the PAVERCAT material handler has increased extensively making a finding of likelihood of confusion here even more compelling than in the 1970's.

For the above reasons, the PAVERCAT mark is likely to cause confusion with Caterpillar's CAT marks, and therefore, Reg. No. 2,684,138 should be cancelled.

Date: March 3, 2006

Respectfully submitted,

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CERTIFICATE OF SERVICE

I, Nerissa Coyle McGinn, hereby certify that I caused a copy of the foregoing **REPLY BRIEF FOR PETITIONER** to Michael J. O'Loughlin, Michael J. O'Loughlin & Associates, P.A., 400 South 4th Street, 1012 Grain Exchange Building, Minneapolis, Minnesota 55415 and Rebecca Jo Bishop, Altera Law Group LLC, 6500 City West Parkway, Suite 100, Minneapolis, MN 55344, via first class mail, postage prepaid this 3rd day of March, 2006.

/s/ Nerissa Coyle McGinn